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Title: Need for fixation of royalty on coal and other minerals at 20% of sale price on ad valorem basis.

SHRI B. MAHTAB (CUTTACK): Revision in rates of royalty on coal and other minerals be done in regular intervals and the decision about revision of rates of royalty be taken well before the date on which the revision falls due so that it can be notified immediately. The 11th Finance Commission has recommended accordingly and has also mentioned categorically that, "incase, the process of revision is not completed by the date the new revision is due, the State should be entitled to compensation". Inspite of such recommendation by the 11th Finance Commission, the royalty rates been revised after a gap of nearly five years. Therefore, I urge upon the Government to compensate for the losses due to non-revision of royalty for the last two years.

There is a need for fixation of royalty at 20% of sale price on ad valorem basis. As royalty is being fixed as per hybrid formula, many mine bearing states, including Orissa don't get any benefit at all. If full ad valorem rate of royalty is adopted, no one would suffer any significant loss of revenue even if royalty rates are not revised in time.

In Kesoram Industries case, Hon'ble Supreme Court of India has upheld the right of the State Government to impose tax on mineral bearing land. Therefore revision in the rates of coal royalty should in no way circumscribe the power of the state to impose levies on mineral bearing land in order to improve socio economic lives of the people in the mining area. Therefore, I would urge upon the government to delete the clause relating to adjustment of royalty for cess/tax from the said notification.